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THE

INTERIM

A REPORT OF INTERIM ACTIVITY . . . MONTANA LEGISLATIVE COUNCIL . . . HELENA

FEBRUARY 1984

SHELVED WITH
PERIODICALS

VOL. IV, NO. 9

TELEPHONE AND ADDRESS CHANGES

With state agencies moving, preparing to move, and installing a new telephone system at about the same time, some confusion persists. Here are some changes to note:

The Commissioner of Higher Education has announced a new telephone number: 444-6570.

The Board of Public Education has announced a new number: 444-6576.

The Montana Public Service Commission, Department of Public Service Regulation, has announced the relocation of its offices to 2701 Prospect, Helena, Montana (in the Highway Complex). The new telephone number is: 444-6199.

And finally, there is at least one agency whose telephone numbers have not changed. Continue to use the numbers you have for Workers' Compensation until they move into their new building.

LEGISLATORS' W-2 FORMS

IMPORTANT TAX INFORMATION

Shortly after the first of January this year, the Legislative Council was notified of a new Internal Revenue Service policy that required inclusion of in-session per diem payments paid to members of the Legislature on the W-2 form. The late notice gave the Council no opportunity to notify you in advance of this new policy. There have been a number of questions about this. Please be aware that only the reporting requirement is new. There is no change in either the obligations or benefits available to you under the law. Your particular obligations are related to your own overall tax situation. If you have any questions, you should seek a qualified tax professional. Sec. 162(h) of the Internal Revenue Code contains special provisions that pertain to legislators. Form 2106 is the tax form used for deducting employee-related expenses; if you do not have easy access to the form, you may obtain one from Council staff upon request.

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SUBCOMMITTEE ON AGRICULTURAL LAND TAXATION

RECOMMENDATION MADE JANUARY 12

The interim Joint Subcommittee on Agricultural Land Taxation met on January 12 in Helena. The single order of business was to recommend to the Revenue Oversight Committee a method for revaluing agricultural land. The Subcommittee, which has been studying the valuation issue since September, recommended that the values currently placed on agricultural lands be adopted for the next appraisal cycle, beginning in 1986. The Subcommittee based this recommendation on Department of Revenue figures indicating that the productive value of agricultural lands is actually 59.5 percent less than the current values, adopted in 1963. The exception was that irrigated farmland would be valued as if it were dryland rather than as it was under the 1963 schedule. This recommendation was the same as that of the governor's Advisory Council on Agricultural Land Valuation, an executive branch committee formed to study the agricultural land value issue.

The Subcommittee has not scheduled any further meetings.

INTERIM SUBCOMMITTEE NO. 2

MEETING HELD JANUARY 13, 14

Interim Subcommittee No. 2 held its second meeting on January 13 and 14. Its work on the navigability study included reviewing reports from staff, entitled "Understanding the Term 'Navigability'" and "Significant Cases on Navigability". These reports primarily reviewed the various legal meanings of the term 'navigability' and provided the committee with the background it needs before it delves into specific aspects related to recreational use.

NAVIGABILITY ISSUES CONSIDERED

Dennis Hemmer, Commissioner of State Lands, reported to the Committee on his Department's position as to the title of the riverbeds over which the Montana Power Company pipeline will cross. Gary Williams, a historian and former consultant to the U.S. Army Corps of Engineers, gave a presentation to the Committee on his experiences conducting the 1974 historical studies of Montana's rivers east of the Continental Divide.

The Committee also had the opportunity to listen to the arguments before the Montana Supreme Court on January 13 in the controversial case involving recreational use of the Dearborn River, Dennis M. Curran v. Montana Coalition for Stream Access.

In setting its work outline, the Committee scheduled a public hearing on the navigability study for the last week in March. The date will be announced in the next Interim. The purpose of the hearing is to obtain testimony from the public on what should be done to resolve the conflict now existing between landowners and recreationists. Favorably responding to statements made at their meeting by Larry Dodge, Helmville, the Committee requested him to write a position paper on resolution of these conflicts.

STATE LANDS STUDY
OPTIONS REQUESTED

After a lengthy meeting on January 14 to hear representatives of private landowners discuss management of forest lands and their relationship with the State Division of Forestry, Interim Subcommittee No. 2 asked the Department of State Lands and the Committee staff to prepare a range of options on state financing of fire control costs. Occasion for this request was the proposal by the U.S. Forest Service to raise annual fire control costs from 16 cents to 66 cents per acre.

This range was to be ready by the next meeting of Committee No. 3, set for the last week of March.

INTERIM SUBCOMMITTEE NO. 3

JANUARY 12, 13
MEETING HELD

Joint Interim Subcommittee No. 3 held the second meeting of the interim on January 12 and 13. The agenda for the morning of January 12 was devoted to staff presentations on the following insurance study (HJR 29) topics: legislation and litigation on sex discrimination in insurance and retirement plans; and mandatory motor vehicle liability insurance laws. Larry Majerus, Administrator, Motor Vehicle Division, Department of Justice, addressed the Subcommittee on enforcement problems of the mandatory liability insurance laws. On the afternoon of the first meeting day, the Subcommittee reviewed a staff report on the Montana state investment system (HJR 4).

INSURANCE ISSUES
STUDIED

COURT UNIFICATION

The January 13 agenda concentrated on the study of court unification (SJR 25). Staff presented reports on the following topics: an overview of Montana's court system; personnel and court funding; and the constitutionality of legislation and providing for unified court administration.

Dr. Carl Baar, Associate Professor, Department of Politics, Brock University, St. Catharines, Ontario, addressed the Subcommittee on various aspects of court funding and administration.

JOINT MEETING SET FEBRUARY 22

A joint meeting is scheduled in Room 104 of the Capitol at 9 a.m., Wednesday, February 22, when the Board of Investments and the Board of Economic Development will discuss the programs for investing state money and the various trust funds.

The two Boards are being asked to respond to 14 questions that arose from the meeting of Interim Committee No. 3 on January 12 when a staff report on the investment system was presented.

The meeting with the two Boards will be the only business on the Subcommittees' agenda on February 22.

The Subcommittee has tentative plans to meet again in mid-April.

COAL TAX OVERSIGHT SUBCOMMITTEE

SEVERANCE TAX REVIEWED

Advocates and opponents of Montana's coal severance tax kept the Coal Tax Oversight Subcommittee in session for almost 10 hours on January 19. Industry, coal users, government officials, environmentalists, trade organizations, and others touched all aspects of the severance law.

Industry representatives requested that a followup hearing be conducted in eastern Montana, but the Subcommittee has made no decision on that subject.

On January 20, the Subcommittee heard reports on the use of coal tax funds from the Office of the Commissioner of Higher Education, Office of Public Instruction, Department of Commerce,

Montana Arts Council, and State Library and on the use of the Resource Indemnity Tax by the Department of Natural Resources and Conservation.

The Subcommittee expects to meet during late spring or early summer with the North Dakota Legislature's special impact committee, probably at a location within Montana. This would be a followup to the meeting on October 20, 1983, when the Montana Committee traveled to Beulah, North Dakota.

SELECT COMMITTEE ON INDIAN AFFAIRS

MEETING
MARCH 1, 2

The Select Committee on Indian Affairs will meet for a two-day session on Thursday and Friday, March 1 and 2 in Billings. The session for both days will begin at 9:30 a.m. in Room 3043 of the Federal Building.

ONGOING ISSUES
TO BE DISCUSSED

On Thursday, March 1, Committee members will discuss possible revisions to the State-Tribal Cooperative Agreements Acts. In addition, the Committee will hear updates on negotiations concerning involuntary commitments of mentally ill tribal members living on the reservation and on the recent federal case involving state imposition of the coal severance tax on Indian-owned coal.

RESERVED WATER
RIGHTS COMMISSION
ON AGENDA

The agenda topic for Friday, March 2, will be the activities of the Reserved Water Rights Compact Commission. A number of people have been invited to address the Committee including representatives from the Compact Commission, tribes, water courts, and state agencies.

LEGISLATIVE FINANCE COMMITTEE

FEBRUARY 4
MEETING

The Legislative Finance Committee met February 4. Major topics on the agenda were fire protection on private and state lands, medicaid, and highways. A report list is mailed to each legislator. Some requests for reports are returned to us unsigned. When this happens, we try to determine from the canceled postmark who made the request; however, this is not always possible and you may not receive the report. Please be sure to include your name and we will do our best to get a report to you.

FIRE PROTECTION ON PUBLIC LANDS

The Committee was presented a staff report concerning fire protection on private and state lands. The United States Forest Service stated it will substantially increase its charge to the state for fire protection on state and private lands in order to recover costs. The report addresses alternative state responses of either paying the higher rates or providing fire protection directly. The report also discusses the rate private landowners pay the state for fire protection. The Committee is cooperating with the Interim Subcommittee No. 2 to assure there is no duplication of effort on this issue.

MEDICAID

Social and Rehabilitation Services has projected that the "other medicaid" program costs will exceed the appropriation by \$4.9 million in fiscal 1984. The Department has taken the action of implementing a provider payment freeze and requiring co-payments from recipients. The estimates of the cost overrun made by the Department are realistic and perhaps understated. The Department does not have an accurate method of projecting the costs of the medicaid program. Estimates from the Department show considerable variation in the costs of service, the number of services, and total medicaid costs. In addition, the Department has redefined service categories and units of service, which make data from year to year inconsistent.

Both the cost per service and the utilization of services have increased dramatically over the past three years. Between 1980 and 1983, the average cost of an AFDC eligible case has increased 87 percent. Both the amount of utilization and the reimbursement paid for medicaid services are legally within the control of the Department.

HIGHWAYS

A report from the Department of Highways on the progress of the management systems and the construction work plan stated that: (1) the construction and preconstruction management systems and the project selection system are completed and operational; (2) the management management system, equipment management system, pavement management system, and the cash forecasting system will be completed by July 1,

1984; and (3) the projects scheduled for bid letting during the year have been let or are ahead of schedule. The Highway Department report said that bids let on projects from July through November 1983 were \$5.5 million less than the original cost estimates as a result of asphalt prices running consistently lower than originally expected and inflation moving at a slower rate than predicted.

ENVIRONMENTAL QUALITY COUNCIL

COUNCIL MEETING
FEBRUARY 3

The Environmental Quality Council met Friday, February 3, to receive a report of the status of the proposed Champion International modified pollution discharge permit and to hear public comment on the issuance of the permit and the Water Quality Bureau of the DHES's procedures in evaluating the environmental impacts of their proposed action. The Council also reviewed the environmental programs administered by the Department of State Lands, received a report of the potential environmental effects of the BPA - WAPA agreement for regional power sales, and discussed increased hydroelectric development on Montana's streams.

SUBCOMMITTEES MET
FEBRUARY 2, 3

EQC Subcommittees also met February 2 and 3. The Subcommittee on Toxic Substances, chaired by Rep. Lory, met Thursday evening, February 2, to discuss pesticide management issues. The Natural Resources Oversight Subcommittee, chaired by Rep. Brown, met Friday, February 3, to discuss use of the Resource Indemnity Trust funds and recent developments in the implementation of the Hard-Rock Mining Impact Act. The Water Oversight Subcommittee, chaired by Sen. Eck, met Thursday, February 2 to discuss acid rain issues and the reclamation requirements for exploratory holes drilled in the ground.

SELECT COMMITTEE ON WATER MARKETING

MARCH 3
DATE SET

The Select Committee on Water Marketing will meet Saturday, March 3, at 9 a.m. in Room 104 of the Capitol. The Committee will receive a summary of the critical legal issues that need to be resolved in order to ensure Montana's ability to manage the state's water resources. In addition, the Committee will discuss present

and future water reservation programs as well as an overview of the economic factors that may affect the marketing of Montana's water.

At a seminar in Missoula January 6 and 7, the Committee met with a panel of legal experts to refine the legal issues that the state must address to protect and enhance its management options.

ALBERTA/MONTANA LEGISLATIVE EXCHANGE

Plans are underway for a possible legislative exchange between Montana and Alberta. Rep. Dennis Iverson, whose district borders Alberta, was recently contacted by Alberta legislators who wish to establish a forum for discussion of common problems and needs in the areas of agriculture and the environment. Tentative plans include a meeting in Calgary and one in Great Falls to discuss issues of mutual concern.

LEGISLATIVE INTERIM CALENDAR

FEBRUARY

SUNDAY

MONDAY

TUESDAY

WEDNESDAY

THURSDAY

FRIDAY

SATURDAY

*all meetings are subject to change

| SUNDAY | MONDAY | TUESDAY | WEDNESDAY | THURSDAY | FRIDAY | SATURDAY |
|-----------------------------|--|--------------------------|---|--------------------------|--|--|
| | | | 1 | 2 EOC-rm. 436 Noon | 3 EOC-rm. 104 8 am - Sub- com. 3pm- rm. 436 Consumer Counsel-108 | 4 Fiscal Analyst all day - Rm. 104 & 108 |
| 5 | 6 Legislative 104-9am | 7 Auditor- rm. | 8 | 9 | 10 | 11 |
| 12 Lincoln's Birthday | 13 HOLIDAY | 14 Valentine's Day | 15 | 16 | 17 | 18 |
| 19 | 20 Washington's Birthday (observed) | 21 | 22 Subcomm. #3 and CTOC - rm. 104 all day | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | | | |

LEGISLATIVE INTERIM CALENDAR

MARCH

SUNDAY MONDAY TUESDAY WEDNESDAY THURSDAY FRIDAY SATURDAY

| | | | | | | | |
|----|---|----|---------------------------------|----|---|---|--|
| | | | | | 1 Select Comm. on Indian Affairs - Billings Leg. Council 10am-rm. 139 | 2 Select Comm. on Indian Leg. Council 10am-rm. 139 | 3 Select Comm. on Water Marketing - Rm. 104, 9am |
| 4 | 5 | 6 | 7 | 8 | | 9 | 10 |
| 11 | 12 | 13 | 14 | 15 | | 16 | 17 |
| 18 | 19 | 20 | 21 | 22 | | 23 | 24 |
| 25 | 26 Sub. Comm. #2 - hearing on to be scheduled this week | 27 | 28 navigablility and meeting | 29 | | 30 Revenue Oversight Comm. Rm. 104 | 31 |

*all meetings are subject to change

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